

**Teen Lifeline, Inc.**  
**Phoenix, Arizona**  
**Financial Statements**  
**Year Ended December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Teen Lifeline, Inc.**  
**Table of Contents**

|                                  |   |
|----------------------------------|---|
| Independent Auditors' Report     | 1 |
| Statement of Financial Position  | 3 |
| Statement of Activities          | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows          | 6 |
| Notes to Financial Statements    | 7 |

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Teen Lifeline, Inc.  
Phoenix, Arizona

We have audited the accompanying financial statements of Teen Lifeline, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teen Lifeline, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Prior Year-2017 Summarized Comparative Information*

The summarized comparative information presented herein as of and for the year ended December 31, 2017 was derived from the financial statements of Teen Lifeline, Inc as of December 31, 2017, which were audited by other auditors whose reported dated April 24, 2018, expressed an unmodified opinion on those statements.



Snyder & Butler, CPAs, PLLC  
Tempe, Arizona  
March 18, 2019

**Teen Lifeline, Inc.**  
**Statement of Financial Position**  
**December 31, 2018**  
(with summarized financial information  
as of December 31, 2017)

|                                   | <u>2018</u>         | <u>2017</u>         |
|-----------------------------------|---------------------|---------------------|
| <b>Assets</b>                     |                     |                     |
| Current assets:                   |                     |                     |
| Cash and cash equivalents         | \$ 1,190,202        | \$ 1,183,319        |
| Accounts receivable               | 10,108              | 14,000              |
| Contributions receivable          | 48,485              | 49,202              |
| Prepaid expenses                  | 5,368               | -                   |
| Total current assets              | <u>1,254,163</u>    | <u>1,246,521</u>    |
| Property and equipment, net       | <u>265,344</u>      | <u>258,682</u>      |
| Total assets                      | <u>1,519,507</u>    | <u>1,505,203</u>    |
| <b>Liabilities and Net Assets</b> |                     |                     |
| Current liabilities:              |                     |                     |
| Accounts payable                  | 4,335               | -                   |
| Accrued expenses                  | <u>47,535</u>       | <u>30,250</u>       |
| Total liabilities                 | <u>51,870</u>       | <u>30,250</u>       |
| Net Assets:                       |                     |                     |
| Without donor restrictions        | 1,400,368           | 1,410,751           |
| With donor restrictions           | <u>67,269</u>       | <u>64,202</u>       |
| Total net assets                  | <u>1,467,637</u>    | <u>1,474,953</u>    |
| Total liabilities and net assets  | <u>\$ 1,519,507</u> | <u>\$ 1,505,203</u> |

**Teen Lifeline, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2018**  
**(with summarized financial information**  
**For the year ended December 31, 2017)**

|                                                                                                 |                                           |                                    | <u>Totals</u>       |                     |
|-------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|---------------------|---------------------|
|                                                                                                 | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2018</u>         | <u>2017</u>         |
| Revenues and Other Support                                                                      |                                           |                                    |                     |                     |
| Contributions                                                                                   | \$ 169,219                                | \$ 48,485                          | \$ 217,704          | \$ 261,839          |
| Government grants and contracts                                                                 | 122,326                                   | 18,784                             | 141,110             | 116,286             |
| Donated materials and services                                                                  | 496,491                                   | -                                  | 496,491             | 48,903              |
| Interest income                                                                                 | 4,165                                     | -                                  | 4,165               | 457                 |
| Total support and revenue before<br>special events and net assets released<br>from restrictions | <u>792,201</u>                            | <u>67,269</u>                      | <u>859,470</u>      | <u>427,485</u>      |
| Special Events                                                                                  |                                           |                                    |                     |                     |
| Revenue from special events                                                                     | 737,543                                   | -                                  | 737,543             | 690,402             |
| Less cost of direct donor benefits                                                              | <u>(237,357)</u>                          | <u>-</u>                           | <u>(237,357)</u>    | <u>(133,554)</u>    |
| Gross profit (loss) on special events                                                           | 500,186                                   | -                                  | 500,186             | 556,848             |
| Net assets released from restrictions                                                           | <u>64,202</u>                             | <u>(64,202)</u>                    | <u>-</u>            | <u>-</u>            |
| Total support and revenue                                                                       | <u>1,356,589</u>                          | <u>3,067</u>                       | <u>1,359,656</u>    | <u>984,333</u>      |
| Functional Expenses                                                                             |                                           |                                    |                     |                     |
| Program services                                                                                | 1,183,303                                 | -                                  | 1,183,303           | 597,307             |
| Management and general                                                                          | 102,037                                   | -                                  | 102,037             | 66,543              |
| Fundraising                                                                                     | 81,632                                    | -                                  | 81,632              | 81,553              |
| Total expenses                                                                                  | <u>1,366,972</u>                          | <u>-</u>                           | <u>1,366,972</u>    | <u>745,403</u>      |
| Change In net assets                                                                            | (10,383)                                  | 3,067                              | (7,316)             | 238,930             |
| Net assets at beginning of year                                                                 | <u>1,410,751</u>                          | <u>64,202</u>                      | <u>1,474,953</u>    | <u>1,236,023</u>    |
| Net assets at end of year                                                                       | <u>\$ 1,400,368</u>                       | <u>\$ 67,269</u>                   | <u>\$ 1,467,637</u> | <u>\$ 1,474,953</u> |

**Teen Lifeline, Inc.**  
**Statement of Functional Expense**  
**Year Ended December 31, 2018**  
**(with summarized financial information**  
**For the year ended December 31, 2017)**

|                                           | Program Services |                         |                     | Supporting Services    |                        |                  | Total Expenses            |                    |                   |
|-------------------------------------------|------------------|-------------------------|---------------------|------------------------|------------------------|------------------|---------------------------|--------------------|-------------------|
|                                           | Hotline          | Life Skills Development | Community Education | Total Program Services | Management and General | Fundraising      | Total Supporting Services | 2018               | 2017              |
| Compensation                              |                  |                         |                     |                        |                        |                  |                           |                    |                   |
| Salaries                                  | \$214,894        | \$ 90,191               | \$ 111,029          | \$ 416,114             | \$ 73,514              | \$ 70,660        | \$ 144,174                | \$ 560,288         | \$ 436,336        |
| Payroll taxes and benefits                | 41,038           | 18,145                  | 24,439              | 83,622                 | 6,114                  | 5,728            | 11,842                    | 95,464             | 88,126            |
| Other Expenses                            |                  |                         |                     |                        |                        |                  |                           |                    |                   |
| Public relations and outreach             | 6,452            | 136                     | 500,406             | 506,994                | -                      | -                | -                         | 506,994            | 57,275            |
| Training and development                  | 4,746            | 1,981                   | 2,233               | 8,960                  | 147                    | 777              | 924                       | 9,884              | 15,754            |
| Peer related programs                     | -                | 4,626                   | 447                 | 5,073                  | -                      | -                | -                         | 5,073              | 3,180             |
| Dues and subscriptions                    | 3,737            | 551                     | 4,153               | 8,441                  | 2,010                  | 529              | 2,539                     | 10,980             | 8,891             |
| Occupancy                                 | 4,097            | 2,238                   | 2,238               | 8,573                  | 685                    | 685              | 1,370                     | 9,943              | 13,619            |
| Insurance                                 | 3,840            | 1,920                   | 2,526               | 8,286                  | 909                    | 909              | 1,818                     | 10,104             | 10,404            |
| Professional Fees                         | 29,312           | 13,139                  | 16,990              | 59,441                 | 12,320                 | -                | 12,320                    | 71,761             | 22,359            |
| Telephone and communications              | 10,324           | 825                     | 1,180               | 12,329                 | -                      | -                | -                         | 12,329             | 18,245            |
| Supplies                                  | 3,061            | 2,408                   | 3,058               | 8,527                  | 78                     | 136              | 214                       | 8,741              | 9,087             |
| Postage                                   | 724              | 29                      | 2,355               | 3,108                  | -                      | -                | -                         | 3,108              | 3,522             |
| Printing                                  | 2,524            | 507                     | 3,765               | 6,796                  | 162                    | 25               | 187                       | 6,983              | 4,891             |
| Equipment rental and repairs              | 4,460            | 1,111                   | 2,308               | 7,879                  | -                      | -                | -                         | 7,879              | 8,989             |
| Bank and merchant fees                    | 1,661            | 1,661                   | 1,661               | 4,983                  | 2,629                  | 1,661            | 4,290                     | 9,273              | 10,158            |
| Travel and mileage                        | 4,455            | 70                      | 5,702               | 10,227                 | -                      | -                | -                         | 10,227             | 4,756             |
| Board related costs                       | 202              | 156                     | 156                 | 514                    | 3,071                  | 204              | 3,275                     | 3,789              | 5,138             |
| Curriculum development and implementation | 8,100            | 4,050                   | 4,050               | 16,200                 | -                      | -                | -                         | 16,200             | 16,200            |
| Depreciation                              | 2,624            | 1,511                   | 3,101               | 7,236                  | 398                    | 318              | 716                       | 7,952              | 8,048             |
| Other                                     | -                | -                       | -                   | -                      | -                      | -                | -                         | -                  | 425               |
| <b>Total expenses</b>                     | <b>\$346,251</b> | <b>\$ 145,255</b>       | <b>\$ 691,797</b>   | <b>\$ 1,183,303</b>    | <b>\$ 102,037</b>      | <b>\$ 81,632</b> | <b>\$ 183,669</b>         | <b>\$1,366,972</b> | <b>\$ 745,403</b> |

**Teen Lifeline, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**  
**(with summarized financial information**  
**For the year ended December 31, 2017)**

|                                                                                                    | <u>2018</u>         | <u>2017</u>         |
|----------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Cash Flows From Operating Activities                                                               |                     |                     |
| Change in net assets                                                                               | \$ (7,316)          | \$ 238,930          |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |                     |                     |
| Depreciation                                                                                       | 7,952               | 8,048               |
| (Increase) decrease in assets:                                                                     |                     |                     |
| Accounts receivable                                                                                | 717                 | 40,828              |
| Contributions receivable                                                                           | 3,892               | 798                 |
| Prepaid expenses                                                                                   | (5,368)             | 15,574              |
| Increase (decrease) in liabilities:                                                                |                     |                     |
| Accounts payable                                                                                   | 4,335               | (520)               |
| Accrued expenses                                                                                   | 17,285              | (8,987)             |
| Net cash provided (used) by operating activities                                                   | <u>21,497</u>       | <u>294,671</u>      |
| Cash flows from investing activities                                                               |                     |                     |
| Acquisition of property and equipment                                                              | <u>(14,614)</u>     | -                   |
| Net cash used by investing activities                                                              | <u>(14,614)</u>     | -                   |
| Net Increase (decrease) In cash and cash equivalents                                               | 6,883               | 294,671             |
| Cash and cash equivalents, at beginning of year                                                    | <u>1,183,319</u>    | <u>888,648</u>      |
| Cash and cash equivalents, at end of year                                                          | <u>\$ 1,190,202</u> | <u>\$ 1,183,319</u> |



**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Teen Lifeline, Inc. (the Organization), was incorporated under the laws of the State of Arizona in June 1999 and has been in operation since 1985, originally as part of another not-for-profit organization. Teen Lifeline is a not-for-profit organization dedicated to preventing teen suicide by enhancing resiliency in youth and fostering supportive communities. The Organization's vision is for all youth to possess a sense of connectedness and hope for their future.

The Organization's program services train teens to be Peer Counselors and its Hotline took 23,283 calls and 1,379 texts in 2018. The Organization's programs trains adolescents in Life Skills Development as Peer Counselors and reached 334,771 individuals in 2018 through its Community Education and Outreach programs in middle schools and high schools.

The Organization funds its programs and operations through grants, contributions and fundraising activities.

The significant accounting policies followed by the Organization are as follows:

Basis of Presentation

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for Not-for-Profit Organizations and standards promulgated by the American Institute of Certified Public Accountants for not-for-profit organizations in conformity with United States of America generally accepted accounting principles. Accordingly, the financial statements are prepared on the accrual basis of accounting. Under this method of accounting, revenue and expenses are identified with specific periods of time and are recorded as earned and incurred, respectively, without regard to the date of receipt or payment. The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Teen Lifeline, Inc.'s management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Teen Lifeline, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains cash balances at financial institutions which may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC), and therefore, the Organization is at risk of loss of these funds should the financial institution become insolvent.

Accounts Receivable

Accounts receivable consist of program service fees and exchange transaction revenue due within one year. The Organization, at times, grants credit without collateral to its funders. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Although the Organization does not require collateral on its accounts receivable, credit risk with respect to accounts receivable is limited due to the fact that accounts receivable are not significant in amount at December 31, 2018 and 2017. At December 31, 2018 and 2017, management considers the accounts receivable to be fully collectible and, therefore, no allowance for doubtful accounts has been provided.

Contributions Receivable

Unconditional promises to give (contributions receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on their assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At December 31, 2018 and 2017, management considers the accounts receivable to be fully collectible and, therefore, no allowance for doubtful

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**

accounts has been provided. At December 31, 2018 and 2017, all contributions receivable were due in less than 1 year, accordingly, management does not consider a discount necessary.

Property and Equipment

Purchased property and equipment is valued at cost and donated property and equipment is recorded at fair value at the date of the gift to the Organization. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives:

|                         |                |
|-------------------------|----------------|
| Buildings               | 39 years       |
| Building Improvements   | 10 to 39 years |
| Furniture and Equipment | 5 to 7 years   |

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions absent donor stipulations regarding how long those donated assets must be maintained. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Impairment of Long-Lived Assets

The Organization accounts for long-lived assets in accordance with the provisions of Accounting for the Impairment of Long-Lived Assets. This accounting standard requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows to be expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management believes that no long-lived assets have any impairment of value.

Revenue Recognition

The Organization recognizes program services revenue as services are rendered. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with terms of the grant or contract.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Coalition Revenues

The Organization participates in a suicide prevention coalition with certain other 501(c)(3) not-for-profit organizations in a fee for service grant agreement with the provider, Mercy Care. The coalition is a formal agreement in which each group retains its identity and maintains a separate contract with Mercy Care but all agree to work together toward a common goal to identify and address behavioral health issues for a target audience. The Organization acts as a fiscal agent for the coalition receiving a combined remittance from Mercy Care and remitting payment to the other coalition members. The Organization recognizes the revenue under its separate contract only. For 2017, the Organization received distributions to the coalition totaling \$126,816, remitting \$64,284 to other coalition members as fiscal agent, and recognizing revenues of \$62,532 under its separate contract with the provider. For 2017, the Organization received distributions to the coalition totaling \$217,682, remitting \$146,816 to other coalition members as fiscal agent, and recognizing revenues of \$68,408 under its separate contract with the provider.

Contributions

Contributions received are recorded as contributions with donor restrictions, or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Donated Materials and Services

Donated materials and professional services are recorded at their estimated values if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by donation. Other volunteers donate a significant amount of time to the Organization's program services. No amounts have been reflected in the financial statements for these other volunteer services, since they did not meet the recognition requirements under generally accepted accounting standards.

For the year ended December 31, 2018 and 2017, the Organization recognized donated materials and services of \$496,491 and \$48,903, respectively.

In addition, the Organization received numerous hours of donated services by volunteers dedicated to the Organization's programs. The fair value of these donated services is not recognized in the statement of activities since they do not meet the criteria for recognition under generally accepted accounting principles.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**

The value of donated services contributed by volunteers for the years ended December 31, 2018 and 2017 is as follows:

|                                      | <b>2018</b>                |                   |
|--------------------------------------|----------------------------|-------------------|
|                                      | Number of<br>hours donated | Value             |
| Program services                     | 19,462                     | \$ 480,517        |
| Management, general, and fundraising | 321                        | 7,925             |
| <b>Total</b>                         | <b>19,783</b>              | <b>\$ 488,442</b> |

The monetary value of volunteer hours reflected above is calculated at \$24.69 per hour as published in the 2017 Economic Report of the President as reported by Independent Sector.

|                                      | <b>2017</b>                |                   |
|--------------------------------------|----------------------------|-------------------|
|                                      | Number of<br>hours donated | Value             |
| Program services                     | 19,892                     | \$ 468,854        |
| Management, general, and fundraising | 429                        | 10,112            |
| <b>Total</b>                         | <b>20,321</b>              | <b>\$ 478,966</b> |

The monetary value of volunteer hours reflected above is calculated at \$23.57 per hour as published in the 2016 Economic Report of the President as reported by Independent Sector.

Special Events Revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the accompanying statement of activities.

Functional Expenses

The costs of providing programs and other activities have been presented on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the program and supporting services benefited based on management's estimate of time and/or resources devoted to each activity.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Income Tax Status

Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Income determined to be unrelated business taxable income may be taxable to the Organization. The Organization did not report any unrelated business taxable income for 2018 and 2017. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(11) and is classified as an organization other than a private foundation under Section 509(a)(2).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 18, 2019, the date the financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Teen Lifeline, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all years presented.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 2 – Availability and Liquidity**

The following represents the Organization’s financial assets at December 31, 2018 and 2017:

| Financial assets at year end:                                                            | <u>2018</u>         | <u>2017</u>         |
|------------------------------------------------------------------------------------------|---------------------|---------------------|
| Cash and cash equivalents                                                                | \$ 1,190,202        | \$ 1,183,319        |
| Accounts receivable                                                                      | 10,108              | 14,000              |
| Contributions receivable                                                                 | 48,485              | 49,202              |
| Less contractual or donor-imposed restrictions:                                          |                     |                     |
| Restricted by donors with time restrictions                                              | <u>(67,269)</u>     | <u>(64,202)</u>     |
| Financial assets available to meet cash needs<br>for general expenditure within one year | <u>\$ 1,181,526</u> | <u>\$ 1,182,319</u> |

The Organization’s goal is generally to maintain financial assets to meet one year of total expenses (approximately \$900,000). As part of its liquidity plan, the entity maintains the majority of its short term assets in cash accounts and short term receivables. Of the total cash, \$250,000 is in a certificate of deposit that the Organization has set-aside for growth and expansion.

**Note 3 - Concentrations of Credit Risk**

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and promises to give.

The Organization maintains its cash in bank accounts, which at times may exceed federally insured limits. At December 31, 2018, the Organization’s bank balances exceeded the federally insured limits by approximately \$119,945.

As of December 31, 2018 and 2017, contributions receivable included mostly small amounts from many individual donors, spreading the credit risk across many sources.

**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 4 - Property and Equipment**

Property and equipment consist of the following at December 31:

|                             | <u>2018</u>       | <u>2017</u>       |
|-----------------------------|-------------------|-------------------|
| Building                    | \$ 192,170        | \$ 192,170        |
| Building improvements       | 43,664            | 43,664            |
| Land                        | 47,650            | 47,650            |
| Furniture and equipment     | 22,709            | 8,095             |
| Total cost or donated value | <u>306,193</u>    | <u>291,579</u>    |
| Accumulated depreciation    | <u>(40,849)</u>   | <u>(32,897)</u>   |
| Net property and equipment  | <u>\$ 265,344</u> | <u>\$ 258,682</u> |

Depreciation expense totaled \$7,952 and \$8,048 for the years ended December 31, 2018 and 2017 respectively.

**Note 5 - Donated Materials and Services**

Donated materials and services consist of the following for the years ended December 31:

|                                      | <u>2018</u>       | <u>2017</u>      |
|--------------------------------------|-------------------|------------------|
| In-kind services                     | \$ 493,519        | \$ 48,372        |
| In-kind goods                        | 2,972             | 531              |
| Total donated materials and services | <u>\$ 496,491</u> | <u>\$ 48,903</u> |

In-kind services primarily relate to donated advertising through print, television, radio and online for public relations and outreach.

**Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at December 31:

|                                          | <u>2018</u>      | <u>2017</u>      |
|------------------------------------------|------------------|------------------|
| Purpose restricted:                      |                  |                  |
| City of Scottsdale -program services     | \$ 10,108        | \$ -             |
| City of Mesa-program services            | 8,676            | -                |
| Student ID initiative-program services   | -                | 15,000           |
| Time restricted:                         |                  |                  |
| Contributions receivable                 | <u>48,485</u>    | <u>49,202</u>    |
| Total net assets with donor restrictions | <u>\$ 67,269</u> | <u>\$ 64,202</u> |



**Teen Lifeline, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**  
**(with summarized comparative financial information**  
**for the year ended December 31, 2017)**

**Note 7 – Lease Commitments**

The Organization leases office equipment under non-cancellable operating leases expiring through 2022. For the years ended December 31, 2018 and 2017, total rental expense under these leases was 7,879 and \$8,989, respectively. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Minimum future lease payments under non-cancellable operating leases having remaining terms in excess of one year at December 31, 2018, are as follows:

|                                     |                  |
|-------------------------------------|------------------|
| Years Ending December 31st,         |                  |
| 2019                                | \$ 3,553         |
| 2020                                | 3,553            |
| 2021                                | 3,404            |
| 2022                                | 1,330            |
| 2023                                | -                |
| Thereafter                          | -                |
| Total minimum future lease payments | <u>\$ 11,840</u> |